

TAMA COUNTY

**Independent Auditors' Reports
Basic Financial Statements and Supplementary Information
Schedule of Findings**

June 30, 2016

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Tama County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Kendall Jordan	Board of Supervisors	January 2017
Dan Anderson	Board of Supervisors	January 2017
Larry Vest	Board of Supervisors	January 2019
Laura Kopsa	County Auditor	January 2017
Michelle Yuska	County Treasurer	January 2019
Deborah Kupka	County Recorder	January 2019
Dennis Kucera	County Sheriff	January 2017
Brent D. Heeren	County Attorney	January 2019
Jerry Witt	County Assessor	January 2017



C E R T I F I E D ♦ P U B L I C ♦ A C C O U N T A N T S

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Independent Auditors' Report

To the Officials of Tama County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Tama County, Iowa, as of and for the year ended June 30, 2016, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Tama County as of June 30, 2016 and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 10 and 50 through 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Tama County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2015 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 5 is presented for purpose of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 19, 2016 on our consideration of Tama County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Tama County's internal control over financial reporting and compliance.

Bowman and Miller, P.C.

December 19, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

Tama County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2016. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2016 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 1.6%, or approximately \$283,000, from fiscal year 2015 to fiscal year 2016. General revenues increased approximately \$568,000, charges for services increased approximately \$79,000, operating grants, contributions and restricted interest increased approximately \$579,000 and capital grants and contributions decreased approximately \$942,000.
- Program expenses of the County's governmental activities were 2.1%, or approximately \$351,000, more in fiscal year 2016 than in fiscal year 2015. Public safety and legal expenses increased approximately \$232,000, county environment and education increased approximately \$238,000, administration increased approximately \$106,000 and roads and transportation expenses decreased approximately \$193,000.
- The County's net position increased 2.1%, or approximately \$761,000, from June 30, 2015 to June 30, 2016.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Tama County as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Tama County's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which Tama County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, the County's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the nonmajor governmental and the individual Agency Funds.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information which helps answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Position presents financial information on all of the County's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in the County's net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal years.

The County's governmental activities are presented in the Statement of Net Position and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and non-program activities. Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The County has three kinds of funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, 3) the Debt Service Fund and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

2) A proprietary fund accounts for the County's Internal Service, Employee Group Health Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

3) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for drainage districts, emergency management services and the County Assessor, to name a few.

The required financial statement for fiduciary funds is a Statement of Fiduciary Assets and Liabilities.

Reconciliations between the government-wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Tama County's combined net position increased from approximately \$35.7 million to approximately \$36.4 million. The analysis that follows focuses on the changes in the net position of governmental activities.

Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2016	2015
Current and other assets	\$ 23,673	21,461
Capital assets	34,202	35,335
Total assets	57,875	56,796
Deferred outflows of resources	684	656
Long-term liabilities	11,064	10,453
Other liabilities	1,100	941
Total liabilities	12,164	11,394
Deferred inflows of resources:		
Unavailable revenues	9,935	10,359
Net position:		
Net investment in capital assets	26,847	27,885
Restricted	9,263	7,696
Unrestricted	350	118
Total net position	\$ 36,460	35,699

Net position of Tama County's governmental activities increased 2.1% (approximately \$36.5 million compared to approximately \$35.7 million). The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased from approximately \$118,000 at June 30, 2015 to approximately \$350,000 at the end of this year, an increase of 196.6%.

Changes in Net Position of Governmental Activities

	Year ended June 30,	
	2016	2015
Revenues:		
Program revenues:		
Charges for service	\$ 1,779,847	1,701,229
Operating grants, contributions and restricted interest	5,406,760	4,828,209
Capital grants, contributions and restricted interest	648,855	1,590,479
General revenues:		
Property tax	8,368,201	7,966,582
Interest and penalty on property tax	68,146	61,216
State tax credits	732,370	576,472
Local option sales tax	623,187	606,153
Unrestricted investment earnings	42,366	41,704
Other general revenues	47,722	62,102
Total revenues	<u>17,717,454</u>	<u>17,434,146</u>
Program expenses:		
Public safety and legal services	3,219,385	2,987,065
Physical health and social services	1,474,971	1,501,896
Mental health	803,757	811,448
County environment and education	1,013,778	776,101
Roads and transportation	8,372,076	8,565,414
Governmental services to residents	503,271	536,085
Administration	1,378,485	1,272,841
Non-program	35,632	-
Interest on long-term debt	155,542	155,485
Total expenses	<u>16,956,897</u>	<u>16,606,335</u>
Change in net position	760,557	827,811
Net position beginning of year	<u>35,699,515</u>	<u>34,871,704</u>
Net position end of year	<u>\$ 36,460,072</u>	<u>35,699,515</u>

Tama County's governmental activities net position increased approximately \$761,000 during the year. Revenues for governmental activities increased approximately \$283,000 from fiscal year 2015 to fiscal year 2016. The total cost of all programs and services increased by 2.1%. Capital grants, contributions and restricted interest decreased by approximately \$942,000 due to a decrease in the amount being contributed from the Iowa Department of Transportation Farm to Market Fund and the decrease in receipt of bridge construction grant funds.

The cost of all governmental activities this year was approximately \$17 million compared to approximately \$16.6 million last year. However, as shown in the Statement of Activities on page 14, the amount taxpayers ultimately financed for these activities was approximately \$9.1 million because some of the cost was paid by those who directly benefited from the programs (approximately \$1.8 million) or by other governments and organizations that subsidized certain programs with grants and contributions (approximately \$6.1 million). Overall, the County's governmental program revenues, including intergovernmental aid and charges for services, decreased in fiscal year 2016 from approximately \$8.1 million to approximately \$7.8 million. The County paid for the remaining "public benefit" portion of governmental activities (approximately \$9.1 million) with taxes (some of which could only be used for certain programs) and with other revenues such as interest and general entitlements. General revenues increased approximately \$568,000 from the prior year.

INDIVIDUAL MAJOR FUND ANALYSIS

As Tama County completed the year, its governmental funds reported a combined fund balance of approximately \$11.3 million, an increase of approximately \$1.4 million above last year's total of approximately \$9.9 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased due to an increase in property tax revenue and expenditures remained consistent when compared to the prior year. The ending fund balance showed an increase of approximately \$660,000 from the prior year to approximately \$5,898,000.
- The County has continued to look for ways to effectively manage the cost of mental health services. In March 2012, the County joined the County Social Services Agency. This Agency is a 22 county member agency established to help consolidate mental health services and costs. For the year, expenditures totaled approximately \$818,000, an increase of 1.2% from the prior year. The Special Revenue, Mental Health Fund balance at year end increased approximately \$100,000 over the prior year.
- Special Revenue, Rural Services Fund revenues decreased due to a decrease in property tax revenue. For the year, expenditures totaled approximately \$491,000, a decrease of 65.9% from the prior year. This result was due to a decrease in expenditures related to capital projects.
- Special Revenue, Secondary Roads Fund revenues decreased approximately \$695,000 due primarily to the receipt of \$1.2 million in a bridge replacement grant in the prior year. Expenditures decreased approximately \$242,000 due principally to a decrease in roadway maintenance and bridge projects. The amount that the County transferred from the Rural Services and General Funds increased by approximately \$30,000. These changes resulted in an increase in the Secondary Roads Fund ending balance of approximately \$456,000 or 18.9%.
- The Debt Service Fund ending balance increased approximately \$24,000 due primarily to the transfer in from the Vienna TIF Fund.
- During the year ended June 30, 2016, the County expended approximately \$1.4 million less in capital projects due to expending for the road and bridge construction in the prior year.

BUDGETARY HIGHLIGHTS

Over the course of the year, Tama County amended its budget one time. The amendment was made on May 16, 2016 and resulted in an increase in budgeted disbursements to Public Safety and Legal Services, Physical Health and Education, County Environment and Education, Government Services to Residents, and Administration for various expenditures.

The County's receipts were approximately \$691,000 more than budgeted, a variance of 4.1%. The most significant variance resulted from the County receiving revenue for the first year of the additional gas tax assesment that had not been included in the budget.

Total disbursements were approximately \$4.7 million less than the amended budget. This was primarily due to anticipated capital projects not being done by the County at year end.

The County did not exceed the budgeted amount for any function for the year ended June 30, 2016.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2016, Tama County had approximately \$67.3 million invested in a broad range of capital assets, including public safety equipment, buildings, roads and bridges. This is a net increase (including additions and deletions) of approximately \$988,000, or 1.5%, over last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in thousands)		
	June 30,	
	2016	2015
Land	\$ 1,765	1,765
Construction in progress	1,594	2,511
Buildings and improvements	6,060	5,966
Machinery and equipment	9,337	9,336
Infrastructure	48,591	46,781
Totals	\$ 67,347	66,359

This year's major additions included (in thousands):

County sheriff vehicles and equipment	\$ 69
Road clearing vehicle	29
Engineer improvements and equipment	75
Bridge replacement	668
Total	\$ 841

The County had depreciation expense of \$2,232,797 in fiscal year 2016 and total accumulated depreciation of \$33,145,699 at June 30, 2016.

The County's fiscal year 2016 capital budget included funds primarily for the continued upgrading of secondary roads and bridges and purchase of sheriff vehicles. These projects were funded with resources on hand in the County's fund balances. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

At June 30, 2016, the County had approximately \$7.4 million in a general obligation bond.

Outstanding Debt of Governmental Activities at Year-End		
	June 30,	
	2016	2015
General obligation bond	\$ 7,355,000	7,450,000
Total	\$ 7,355,000	7,450,000

Debt decreased as a result of the first bond payment made on June 1, 2016.

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Tama County's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$85.7 million. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Tama County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2017 budget, tax rates and the fees charged for various County activities. Levy rates remained constant, while property valuations showed a slight increase from fiscal year 2016 to fiscal year 2017. The proposed budget for fiscal year 2017 includes increases above the current budget in the revenue and expenditure categories primarily related to an increase in property valuations and increased cost of maintenance on roads and bridges throughout the County.

The County has no major capital improvement plans for fiscal year 2017, but will continue to do routine maintenance on County buildings, roads and bridges.

The County continues to seek ways to contain costs by sharing programs and personnel with other counties and to increase revenues through user fees, grants and contracts rather than solely relying on tax income.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Tama County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Auditor's Office, Tama County Administration Building, 104 West State Street, P.O. Box 61, Toledo, Iowa, 52342.

Tama County
Statement of Net Position
June 30, 2016

Exhibit A

	<u>Governmental Activities</u>
Assets	
Cash, cash equivalents and pooled investments	\$ 13,069,052
Receivables:	
Property tax:	
Delinquent	18,561
Succeeding year	9,422,225
Interest and penalty on property tax	66,329
Accounts	83,565
Due from other governments	801,530
Inventories	163,919
Prepaid expenses	47,671
Capital assets, net of accumulated depreciation	34,201,932
Total assets	<u>57,874,784</u>
 Deferred Outflows of Resources	
Pension related deferred outflows	<u>684,228</u>
 Liabilities	
Accounts payable	725,119
Accrued interest payable	12,693
Salaries and benefits payable	298,164
Due to other governments	63,807
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds	195,000
Compensated absences	387,577
Portion due or payable after one year:	
General obligation bonds	7,160,000
Net OPEB liability	13,948
Net pension liability	3,307,525
Total liabilities	<u>12,163,833</u>
 Deferred Inflows of Resources	
Unavailable property tax revenue	9,422,225
Pension related deferred inflows	512,882
Total deferred inflows of resources	<u>9,935,107</u>

Tama County
Statement of Net Position
June 30, 2016

Exhibit A

	<u>Governmental Activities</u>
Net Position	
Net investment in capital assets	26,846,932
Restricted for:	
Supplemental levy purposes	2,210,408
Mental health purposes	378,212
Rural services purposes	2,041,914
Secondary roads purposes	2,620,727
Capital projects	7,289
Debt service	10,525
Other purposes	1,994,203
Unrestricted	349,862
Total net position	<u><u>\$ 36,460,072</u></u>

Tama County
Statement of Activities
Year Ended June 30, 2016

		Program Revenues		
		Charges for	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
	Expenses	Service		
Functions/Programs:				
Governmental activities:				
Public safety and legal services	\$ 3,219,385	451,018	56,646	-
Physical health and social services	1,474,971	568,245	230,740	-
Mental health	803,757	124,114	216,979	-
County environment and education	1,013,778	86,247	108,975	-
Roads and transportation	8,372,076	75,578	4,793,399	648,855
Governmental services to residents	503,271	359,035	21	-
Administration	1,378,485	51,953	-	-
Non-program	35,632	63,657	-	-
Interest on long-term debt	155,542	-	-	-
Total	<u>\$ 16,956,897</u>	<u>1,779,847</u>	<u>5,406,760</u>	<u>648,855</u>

General Revenues:

Property and other county tax levied for:

General purposes

Debt service

Tax increment financing

Interest and penalty on property tax

State tax credits

Local option sales tax

Unrestricted investment earnings

Gain on sale of assets

Miscellaneous

Total general revenues

Change in net position

Net position beginning of year

Net position end of year

<hr/> Net (Expense) Revenue and Changes in Net Position <hr/>	
	(2,711,721)
	(675,986)
	(462,664)
	(818,556)
	(2,854,244)
	(144,215)
	(1,326,532)
	28,025
	<u>(155,542)</u>
	<u>(9,121,435)</u>
	8,135,025
	159,372
	73,804
	68,146
	732,370
	623,187
	42,366
	12,930
	<u>34,792</u>
	<u>9,881,992</u>
	760,557
	<u>35,699,515</u>
\$	<u><u>36,460,072</u></u>

Tama County
Balance Sheet
Governmental Funds
June 30, 2016

	General	Special Revenue	
		Mental Health	Rural Services
Assets			
Cash, cash equivalents and pooled investments	\$ 5,865,978	185,153	2,029,497
Receivables:			
Property tax:			
Delinquent	11,321	1,045	723
Succeeding year	6,403,012	568,799	2,100,604
Interest and penalty on property tax	66,329	-	-
Accounts	82,745	-	-
Due from other governments	163,394	208,014	85,536
Inventories	-	-	-
Prepaid expenses	47,671	-	-
Total assets	\$ 12,640,450	963,011	4,216,360
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 78,084	441	13,640
Salaries and benefits payable	173,157	11,880	12,100
Due to other governments	11,395	149	3,648
Total liabilities	262,636	12,470	29,388
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	6,403,012	568,799	2,100,604
Other	77,148	1,035	715
Total deferred inflows of resources	6,480,160	569,834	2,101,319
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Prepaid expenses	47,671	-	-
Restricted for:			
Supplemental levy purposes	2,210,408	-	-
Mental health purposes	-	380,707	-
Rural services purposes	-	-	2,085,653
Secondary road purposes	-	-	-
Conservation land acquisition	171,918	-	-
Debt service	-	-	-
Capital projects	-	-	-
Other purposes	-	-	-
Assigned for:			
Other purposes	502,284	-	-
Unassigned	2,965,373	-	-
Total fund balances	5,897,654	380,707	2,085,653
Total liabilities, deferred inflows of resources and fund balances	\$ 12,640,450	963,011	4,216,360

Secondary Roads	Capital Projects	Debt Service	Nonmajor	Total
2,743,356	7,289	22,905	88,703	10,942,881
-	-	313	5,159	18,561
-	-	189,213	160,597	9,422,225
-	-	-	-	66,329
820	-	-	-	83,565
344,536	-	-	50	801,530
163,919	-	-	-	163,919
-	-	-	-	47,671
3,252,631	7,289	212,431	254,509	21,546,681

251,854	-	-	1,250	345,269
101,027	-	-	-	298,164
31,917	-	-	16,698	63,807
384,798	-	-	17,948	707,240

-	-	-	-	-
-	-	189,213	160,597	9,422,225
-	-	309	5,159	84,366
-	-	189,522	165,756	9,506,591

163,919	-	-	-	163,919
-	-	-	-	47,671
-	-	-	-	2,210,408
-	-	-	-	380,707
-	-	-	-	2,085,653
2,703,914	-	-	-	2,703,914
-	-	-	-	171,918
-	-	22,909	-	22,909
-	7,289	-	-	7,289
-	-	-	70,805	70,805
-	-	-	-	502,284
-	-	-	-	2,965,373
2,867,833	7,289	22,909	70,805	11,332,850
3,252,631	7,289	212,431	254,509	21,546,681

Tama County
Reconciliation of the Balance Sheet -
Governmental Funds to the Statement of Net Position
June 30, 2016

Exhibit D

Total governmental fund balances (page 16) **\$ 11,332,850**

*Amounts reported for governmental activities in the Statement of
Net Position are different because:*

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$67,347,631 and the accumulated depreciation is \$33,145,699. 34,201,932

Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds. 84,366

The Internal Service Fund is used by management to charge the costs of the partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position. 1,746,321

Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental fund, as follows:

Deferred outflows of resources	\$ 684,228	
Deferred inflows of resources	<u>(512,882)</u>	171,346

Long-term liabilities, including bonds payable, compensated absences payable, other postemployment benefits payable, net pension liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (11,076,743)

Net position of governmental activities (page 12) **\$ 36,460,072**

Tama County
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2016

		Special Revenue	
	General	Mental Health	Rural Services
Revenues:			
Property and other county tax	\$ 5,725,936	528,748	1,878,429
Local option sales tax	-	-	623,187
Interest and penalty on property tax	57,094	-	-
Intergovernmental	1,531,331	362,538	124,651
Licenses and permits	8,669	-	-
Charges for service	704,755	26,300	-
Use of money and property	89,725	-	-
Miscellaneous	53,262	-	-
Total revenues	8,170,772	917,586	2,626,267
Expenditures:			
Operating:			
Public safety and legal services	3,168,681	-	24,316
Physical health and social services	1,507,472	-	-
Mental health	-	818,015	-
County environment and education	820,649	-	160,391
Roads and transportation	-	-	303,902
Governmental services to residents	508,087	-	2,708
Administration	1,336,998	-	-
Non-program	7,679	-	-
Debt service	-	-	-
Capital projects	73,232	-	-
Total expenditures	7,422,798	818,015	491,317
Excess (deficiency) of revenues over (under) expenditures	747,974	99,571	2,134,950
Other financing sources (uses):			
Sale of capital assets	3,150	-	-
Transfers in	60,000	-	-
Transfers out	(151,465)	-	(1,905,600)
Total other financing sources (uses)	(88,315)	-	(1,905,600)
Change in fund balances	659,659	99,571	229,350
Fund balances beginning of year	5,237,995	281,136	1,856,303
Fund balances end of year	\$ 5,897,654	380,707	2,085,653

Secondary Roads	Capital Projects	Debt Service	Nonmajor	Total
-	-	159,063	68,645	8,360,821
-	-	-	-	623,187
-	-	-	-	57,094
5,229,810	-	14,550	44,578	7,307,458
7,570	-	-	-	16,239
-	-	-	3,375	734,430
-	-	-	416	90,141
50,191	-	-	4,584	108,037
5,287,571	-	173,613	121,598	17,297,407
-	-	-	130	3,193,127
-	-	-	-	1,507,472
-	-	-	-	818,015
-	-	-	-	981,040
6,250,534	-	-	-	6,554,436
-	-	-	11,211	522,006
-	-	-	-	1,336,998
-	-	-	-	7,679
-	-	244,383	6,102	250,485
585,781	6,514	-	30,897	696,424
6,836,315	6,514	244,383	48,340	15,867,682
(1,548,744)	(6,514)	(70,770)	73,258	1,429,725
9,780	-	-	-	12,930
1,994,565	-	94,679	-	2,149,244
-	-	-	(92,179)	(2,149,244)
2,004,345	-	94,679	(92,179)	12,930
455,601	(6,514)	23,909	(18,921)	1,442,655
2,412,232	13,803	(1,000)	89,726	9,890,195
2,867,833	7,289	22,909	70,805	11,332,850

Tama County
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
to the Statement of Activities
Year Ended June 30, 2016

Exhibit F

Change in fund balances - Total governmental funds (page 19) **\$ 1,442,655**

*Amounts reported for governmental activities in the Statement of
Activities are different because:*

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Depreciation expense exceeded capital outlay expenditures and contributed capital assets in the current year, as follows:

Expenditures for capital assets	\$ 887,252	
Capital assets contributed by the Iowa Department of Transportation	212,444	
Depreciation expense	<u>(2,232,797)</u>	(1,133,101)

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are recognized as deferred inflows of resources in the governmental funds, as follows:

Property tax	18,432
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Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year repayments exceeded issuances, as follows:

Repaid	95,000
--------	--------

The current year County IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position.

526,621

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Compensated absences	11,646	
Other postemployment benefits	(105)	
Pension expense	(264,191)	
Interest on long-term debt	<u>(57)</u>	(252,707)

The Internal Service Fund is used by management to charge the costs of the partial self-funding of the County's health insurance benefit plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities.

63,657

Change in net position of governmental activities (page 14)

\$ 760,557

Tama County
Statement of Net Position
Proprietary Fund
June 30, 2016

Exhibit G

	<u>Internal Service- Employee Group Health</u>
Current Assets	
Cash and cash equivalents	\$ 2,126,171
Current Liabilities	
Accounts payable	<u>379,850</u>
Net Position	
Unrestricted	<u><u>\$ 1,746,321</u></u>

Tama County
Statement of Revenues, Expenses
and Changes in Fund Net Position
Proprietary Fund
Year Ended June 30, 2016

Exhibit H

		<u>Internal Service- Employee Group Health</u>
Operating revenues:		
Reimbursements from operating funds		\$ 1,918,125
Reimbursements from employees and others		81,787
Insurance reimbursements		<u>63,790</u>
Total operating revenues		2,063,702
Operating expenses:		
Medical claims	\$ 1,743,566	
Insurance premiums	215,946	
Administrative fees	<u>50,678</u>	<u>2,010,190</u>
Operating income		53,512
Non-operating revenues:		
Interest income		<u>10,145</u>
Net income		63,657
Net position beginning of year		<u>1,682,664</u>
Net position end of year		<u><u>\$ 1,746,321</u></u>

Tama County
Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2016

Exhibit I

	<u>Internal Service- Employee Group Health</u>
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 1,918,125
Cash received from employees and others	81,787
Cash received from insurance reimbursements	63,790
Cash paid to suppliers for services	<u>(1,898,744)</u>
Net cash provided by operating activities	164,958
Cash flows from investing activities:	
Interest on investments	<u>10,145</u>
Net increase in cash and cash equivalents	175,103
Cash and cash equivalents beginning of year	<u>1,951,068</u>
Cash and cash equivalents end of year	<u><u>\$ 2,126,171</u></u>
 Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 53,512
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase in accounts payable	<u>111,446</u>
Net cash provided by operating activities	<u><u>\$ 164,958</u></u>

Tama County
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2016

Exhibit J

Assets

Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 2,364,191
Other County officials	13,780
Receivables:	
Property tax:	
Delinquent	49,498
Succeeding year	18,679,861
Accounts	86,728
Due from other governments	171,908
Total assets	<u>21,365,966</u>

Liabilities

Accounts payable	40,925
Salaries and benefits payable	49,473
Due to other governments	21,073,135
Trusts payable	144,571
Compensated absences	57,862
Total liabilities	<u>21,365,966</u>

Net position	<u><u>\$ -</u></u>
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Tama County
Notes to Financial Statements
June 30, 2016

(1) Summary of Significant Accounting Policies

Tama County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Tama County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County.

These financial statements present Tama County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units – The following component units are entities which are legally separate from the County, but are so intertwined with the County they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Drainage District #3 has been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although this district is legally separate from the County, it is controlled, managed and supervised by the Tama County Board of Supervisors. This drainage district is reported as a Special Revenue Fund. The County has other drainage districts that are managed and supervised by elected trustees. The financial transactions of these districts are reported in an agency fund. Financial information of the individual drainage districts can be obtained from the Tama County Auditor's office.

Tama County
Notes to Financial Statements (Continued)
June 30, 2016

(1) **Summary of Significant Accounting Policies (continued)**

A. Reporting Entity (continued)

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Tama County Assessor's Conference Board, Tama County Joint E-911 Service Board, Tama County Economic Development Commission, and Tama County Emergency Management Commission. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

The County also participates in the following additional jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa: County Social Services Mental Health Region, Heartland Risk Pool Insurance, Tama County Solid Waste Disposal Commission, County Case Management Services, Mid-Iowa Drug Task Force, Northeast Iowa Response Group, Central Iowa Juvenile Detention Center and Region VI Planning Commission.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The Statement of Net Position presents the County's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

Tama County
Notes to Financial Statements (Continued)
June 30, 2016

(1) Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues to be used to fund mental health, intellectual disabilities and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, required transfers from the General Fund and the Special Revenue, Rural Services Fund and other revenues to be used for secondary road construction and maintenance.

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the County's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

Tama County
Notes to Financial Statements (Continued)
June 30, 2016

(1) Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Additionally, the County reports the following funds:

Proprietary Fund – An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

Fiduciary Funds – Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

Tama County
Notes to Financial Statements (Continued)
June 30, 2016

(1) **Summary of Significant Accounting Policies (continued)**

C. Measurement Focus and Basis of Accounting (continued)

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the County's policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund is charges to customers for sales and services. Operating expenses for Internal Service Funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents and Pooled Investments – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year.

Tama County

Notes to Financial Statements (Continued)

June 30, 2016

(1) Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity (continued)

By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2014 assessed property valuations; is for the tax accrual period July 1, 2015 through June 30, 2016 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2015.

Interest and Penalty on Property Tax Receivable – Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets – Capital assets, which include property, equipment and vehicles and infrastructure acquired after July 1, 1980 are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	\$ 50,000
Land, buildings and improvements	25,000
Equipment and vehicles	5,000

Tama County
Notes to Financial Statements (Continued)
June 30, 2016

(1) Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity (continued)

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	20 – 50
Building improvements	20 – 50
Infrastructure	30 – 50
Equipment	5 – 20
Vehicles	7 – 10

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the County after the measurement date but before the end of the County's reporting period.

Due to Other Governments – Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable – Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2016. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

Long-Term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Position.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Tama County
Notes to Financial Statements (Continued)
June 30, 2016

(1) Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity (continued)

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources – Deferred inflows of resources represents an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivables that will not be recognized until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on IPERS' investments.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Supervisors through ordinance or resolution approved prior to year end. Committed amounts cannot be used for any other purpose unless the Board of Supervisors removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned – Amounts the Board of Supervisors intend to use for specific purposes.

Unassigned – All amounts not included in the preceding classifications.

Tama County
Notes to Financial Statements (Continued)
June 30, 2016

(1) Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity (continued)

Net Position – The net position of the Internal Service, Employee Group Health Fund is designated for anticipated future catastrophic losses of the County.

E. Budgets and Budgetary Reporting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2016, disbursements did not exceed the amounts budgeted for any function, and disbursements did not exceed the amount appropriated.

(2) Cash, Cash Equivalents and Pooled Investments

The County's deposits in banks at June 30, 2016 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

In addition, the County had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of \$1,443,030 pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals for the IPAIT investments. The County's investment in IPAIT is unrated.

The County had no other investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

Interest rate risk – The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the County.

Credit risk – The investment in the Iowa Public Agency Investment Trust is unrated.

Tama County
Notes to Financial Statements (Continued)
June 30, 2016

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2016 is as follows:

Transfer to	Transfer from	Amount
Special Revenue: Rural Services	General	\$ 60,000
Debt Service	General	2,500
	Special Revenue: Tax Increment Financing	92,179
		<u>94,679</u>
Special Revenue: Secondary Roads	General	148,965
	Special Revenue: Rural Services	1,845,600
		<u>1,994,565</u>
		<u>\$ 2,149,244</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(4) Operating Leases

The County has entered into various operating leases for office copy machines and postage meters. These leases expire at various times through January 2018. The following is a schedule by year of the total annual lease costs required under the operating leases.

Year Ending June 30,	Rent Due
2017	\$ 11,560
2018	2,369
Total	<u>\$ 13,929</u>

The total annual lease costs for the year ended June 30, 2016 were \$24,456.

Tama County
Notes to Financial Statements (Continued)
June 30, 2016

(5) Capital Assets

Capital assets activity for the year ended June 30, 2016 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,765,029	-	-	1,765,029
Construction in progress	2,510,690	645,458	1,562,026	1,594,122
Total capital assets not being depreciated	<u>4,275,719</u>	<u>645,458</u>	<u>1,562,026</u>	<u>3,359,151</u>
Capital assets being depreciated:				
Buildings	5,966,378	93,731	-	6,060,109
Equipment and vehicles	9,335,615	111,906	110,492	9,337,029
Infrastructure, road network	46,780,715	1,810,627	-	48,591,342
Total capital assets being depreciated	<u>62,082,708</u>	<u>2,016,264</u>	<u>110,492</u>	<u>63,988,480</u>
Less accumulated depreciation for:				
Buildings	2,791,151	119,984	-	2,911,135
Equipment and vehicles	7,117,362	398,370	110,492	7,405,240
Infrastructure, road network	21,114,881	1,714,443	-	22,829,324
Total accumulated depreciation	<u>31,023,394</u>	<u>2,232,797</u>	<u>110,492</u>	<u>33,145,699</u>
Total capital assets being depreciated, net	<u>31,059,314</u>	<u>(216,533)</u>	<u>-</u>	<u>30,842,781</u>
Governmental activities capital assets, net	<u>\$ 35,335,033</u>	<u>428,925</u>	<u>1,562,026</u>	<u>34,201,932</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 103,294
Physical health and social services	20,138
Mental health	10,693
County environment and education	46,207
Roads and transportation	1,991,660
Administration	60,805
Total depreciation expense - governmental activities	<u>\$ 2,232,797</u>

Tama County
Notes to Financial Statements (Continued)
June 30, 2016

(6) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2016 is as follows:

	General Obligation Bond	Compensated Absences	Net Pension Liability	Net OPEB Liability	Total
Balance beginning of year	\$ 7,450,000	399,223	2,589,999	13,843	10,453,065
Increases	-	-	717,526	105	717,631
Decreases	95,000	11,646	-	-	106,646
Balance end of year	\$ 7,355,000	387,577	3,307,525	13,948	11,064,050
Due within one year	\$ 195,000	387,577	-	-	582,577

Bond Payable

A summary of the County's June 30, 2016 general obligation bond indebtedness is as follows:

Year Ending June 30,	Interest Rates		Principal	Interest	Total
2017	1.50 %	\$	195,000	152,310	347,310
2018	1.50		420,000	149,385	569,385
2019	1.50		425,000	143,085	568,085
2020	1.50		435,000	136,710	571,710
2021	1.50		440,000	130,185	570,185
2022-2026	2.00-2.10		2,310,000	527,225	2,837,225
2027-2031	2.20-2.60		2,575,000	268,715	2,843,715
2032	2.70		555,000	14,985	569,985
		\$	7,355,000	1,522,600	8,877,600

During the year ended June 30, 2016, the County retired \$95,000 of bonds.

Tama County
Notes to Financial Statements (Continued)
June 30, 2016

(7) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2016 is as follows:

Fund	Description	Amount
General	Services	\$ 11,395
Special Revenue:		
Secondary Roads	Services	31,917
Rural Services	Services	3,648
Mental Health	Services	149
		<u>35,714</u>
Nonmajor	Services	<u>16,698</u>
Total for governmental funds		<u>\$ 63,807</u>
Agency:		
County Assessor	Collections	\$ 759,803
Schools		12,409,710
Community Colleges		1,353,172
Corporations		4,242,256
Townships		339,686
Auto License and Use Tax		436,860
E-911		300,622
Emergency Management Services		297,352
Landfill		543,637
All other		<u>390,037</u>
Total for agency funds		<u>\$ 21,073,135</u>

(8) Pension Plan

Plan Description – IPERS membership is mandatory for employees of the County, except for those covered by another retirement system. Employees of the County are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Tama County
Notes to Financial Statements (Continued)
June 30, 2016

(8) Pension Plan (continued)

Pension Benefits – A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

Sheriffs, deputies and protection occupation members may retire at normal retirement age, which is generally age 55. Sheriffs, deputies and protection occupation members may retire anytime after reaching age 50 with 22 or more years of covered employment.

The formula used to calculate a sheriff's, deputy's or protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for more than 22 years of service but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before a normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Tama County
Notes to Financial Statements (Continued)
June 30, 2016

(8) Pension Plan (continued)

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2016, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the County contributed 8.93% of covered payroll, for a total rate of 14.88%. The Sheriff, deputies and the County each contributed 9.88% of covered payroll, for a total rate of 19.76%. Protection occupation members contributed 6.56% of covered payroll and the County contributed 9.84% of covered payroll, for a total rate of 16.40%.

The County's contributions to IPERS for the year ended June 30, 2016 totaled \$526,621.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2016, the County reported a liability of \$3,307,525 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2015, the County's proportion was .0669474%, which was an increase of .0017025% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized pension expense of \$264,191. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Tama County
Notes to Financial Statements (Continued)
June 30, 2016

(8) Pension Plan (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 49,275	29,220
Changes of assumptions	89,794	24,758
Net difference between projected and actual earnings on IPERS' investments	-	349,914
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	18,538	108,990
County contributions subsequent to the measurement date	526,621	-
Total	<u>\$ 684,228</u>	<u>512,882</u>

\$526,621 reported as deferred outflows of resources related to pensions resulting from the County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2017	\$ (171,112)
2018	(171,112)
2019	(171,112)
2020	158,533
2021	(472)
	<u>\$ (355,275)</u>

There were no non-employer contributing entities to IPERS.

Tama County
Notes to Financial Statements (Continued)
June 30, 2016

(8) Pension Plan (continued)

Actuarial Assumptions – The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement as follows:

Rate of inflation (effective June 30, 2014)	3.00% per annum.
Rates of salary increases (effective June 30, 2010)	4.00 to 17.00% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 1990)	4.00% per annum, based on 3.00% inflation and 1.00% real wage inflation.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Core plus fixed income	28 %	2.04 %
Domestic equity	24	6.29
International equity	16	6.75
Private equity/debt	11	11.32
Real estate	8	3.48
Credit opportunities	5	3.63
U.S. TIPS	5	1.91
Other real assets	2	6.24
Cash	1	(0.71)
Total	<u>100 %</u>	

Tama County
Notes to Financial Statements (Continued)
June 30, 2016

(8) Pension Plan (continued)

Discount Rate – The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and contributions from the County will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.50%) or 1% higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
County's proportionate share of the net pension liability	\$ 6,455,733	\$ 3,307,525	\$ 652,818

IPERS' Fiduciary Net Position – Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to IPERS – All legally required County contributions and legally required employee contributions which had been withheld from employee wages were remitted by the County to IPERS by June 30, 2016.

(9) Other Postemployment Benefits (OPEB)

Plan Description – The County operates a single-employer health benefit plan which provides medical/prescription drug and dental benefits for employees, retirees and their spouses. There are 131 active members and 1 retired member in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug and dental benefits are provided through a partially self-funded medical plan administered by Bernie Lowe and Associates. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Tama County
Notes to Financial Statements (Continued)
June 30, 2016

(9) Other Postemployment Benefits (OPEB) (continued)

Funding Policy – The contribution requirements of plan members are established and may be amended by the County. The County currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2016, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contributions	\$ 6,007
Interest on net OPEB obligation	623
Adjustment to annual required contribution	<u>(850)</u>
Annual OPEB cost	5,780
Contributions made	<u>(5,675)</u>
Increase in net OPEB obligation	105
Net OPEB obligation beginning of year	<u>13,843</u>
Net OPEB obligation end of year	<u><u>\$ 13,948</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2016.

For the year ended June 30, 2016, the County contributed \$5,675 to the medical plan.

Tama County
Notes to Financial Statements (Continued)
June 30, 2016

(9) Other Postemployment Benefits (OPEB) (continued)

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2016 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2014	\$ 4,044	0%	\$ 9,617
June 30, 2015	4,226	0%	13,843
June 30, 2016	5,780	98%	13,948

Funded Status and Funding Progress. As of July 1, 2015, the most recent actuarial valuation date for the period July 1, 2015 through June 30, 2016, the actuarial accrued liability was \$74,704, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$74,704. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$5,533,004 and the ratio of the UAAL to covered payroll was 1.4%. As of June 30, 2016, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2015 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% investment return based on the County's funding policy. The projected annual medical trend rate is 7%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 1% each year until reaching the 5% ultimate trend rate. An inflation rate of 0% is assumed for the purpose of this computation.

Tama County
Notes to Financial Statements (Continued)
June 30, 2016

(9) Other Postemployment Benefits (OPEB) (continued)

Mortality rates are from the RP2014 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

Projected claim costs of the medical plan for retirees less than age 65 are \$1,504 per month for a family plan and \$693 per month for a single plan and projected claim costs for retirees who have attained the age of 65 are \$750 per month for a family plan and \$453 per month for a single plan. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(10) Tama County Employee Group Health Fund

The Internal Service, Employee Group Health Fund was established to account for the partial self-funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Bernie Lowe Associates, Inc. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$50,000 and aggregating stop loss limitation of \$42,500. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to First Administrators and Bernie Lowe and Associates from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2016 was \$1,918,125.

Amounts payable from the Employee Group Health Fund at June 30, 2016 total \$379,850, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior-year and current-year claims and to establish a reserve for catastrophic losses. That reserve was \$1,746,321 at June 30, 2016 and is reported as a designation of the Internal Service, Employee Group Health Fund net position. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$ 268,404
Incurred claims (including claims incurred but not reported at June 30, 2016)	1,743,566
Payments on claims during the year	<u>1,632,120</u>
Unpaid claims end of year	<u>\$ 379,850</u>

Tama County
Notes to Financial Statements (Continued)
June 30, 2016

(11) Risk Management

Tama County is a member in the Heartland Risk Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Heartland Risk Pool (Pool) is a local government risk-sharing pool whose members include ten counties throughout the State of Iowa. The Pool was formed July 1, 1987 to provide workers' compensation and property/casualty insurance for its members. The risk pool was created for the purpose of providing and maintaining self-insurance benefits on a group basis substantially at cost.

Each member County is responsible for the payment of member contributions to the risk pool on an annual basis. Member contributions to the risk pool are recorded as expenditures from the operating funds at the time of payment to the risk pool. In the event of payment of any loss by the risk pool, the risk pool is subrogated to the extent of such payment to all the rights of the member County against any person or other entity legally responsible for damages for said loss, and in such event, the member County is responsible for rendering all reasonable assistance, other than pecuniary assistance, to affect recovery. The risk pool is responsible for paying the reinsurance premiums on the insurance policies when due, to pay claims in accordance with the various coverages and to make other payments as required by applicable law, to establish and accumulate a reserve or reserves in amounts which are deemed advisable or required by law to carry out the purposes of the risk pool, and to pay all reasonable and necessary expenses for administering the risk pool and fund.

Initial risk of loss for the self-insured coverage is retained by the risk pool. The risk pool obtained a reinsurance policy for the year ended June 30, 2016, which covers exposures of specific losses in excess of \$750,000, with a \$250,000 corridor deductible, per occurrence up to the statutory limits for workers compensation, and in excess of \$400,000 per occurrence, up to a maximum of \$8,000,000 per occurrence, including the retention of the pool, for general liability, police professional, errors and omissions and automobile liability. The risk pool records a liability for unpaid claims based on estimates of reported and incurred but not reported claims and related loss adjustment expenses. At June 30, 2016 and 2015 the risk pool reported a surplus of assets over liabilities.

Member Counties retain the risk of claims, if any, exceeding maximum reinsurance coverages and the amount of surplus maintained in the risk pool by means of an assessment that would be charged to the member County in addition to the premium contributions. At June 30, 2016, settled claims have not exceeded the risk pool reinsurance coverage since commencement of the risk pool.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2016 were \$396,391.

Initial membership into the Pool is for a mandatory three year period. Subsequent to the initial term, a member County may withdraw at the end of any given fiscal year. The initial membership period for Tama County commenced July 1, 1987 and is subject to renewal every three years. The county assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Tama County
Notes to Financial Statements (Continued)
June 30, 2016

(12) Contingent Liability

During the year ended June 30, 1994, an underground storage tank investigation classified three former underground storage tank sites in Tama County as high risk, requiring the County to submit plans for remedial action to the Iowa Department of Natural Resources. The County is currently contesting the high risk classification for two of the three sites. The County estimates the costs to remediate the sites under the proposed plans to be approximately \$75,000 per site. As a result, a liability for \$150,000 has been recorded in accounts payable in the Secondary Roads Fund at June 30, 2016.

The environmental impact of the sites is currently unknown and the potential liability, if any, for additional costs associated with the sites is indeterminable.

(13) Related Party Transactions

The County had business transactions between the County and County officials totaling \$1,354 during the year ended June 30, 2016.

Tama County
Notes to Financial Statements (Continued)
June 30, 2016

(14) Early Childhood Area Board

Tama County is the fiscal agent for the Early Childhood Area Board, an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. The Area Board receives state grants to administer early childhood and school ready programs. Financial transactions of the Area Board are included in the County's financial statements as part of the Agency Funds because of the County's fiduciary relationship with the Organization. The Area Board's financial data for the year ended June 30, 2016 is as follows:

	Early Childhood	School Ready	Total
Revenues:			
State grants:			
Early Childhood	\$ 40,457	-	40,457
Family support and parent education	-	181,069	181,069
Preschool support for low-income families	-	79,502	79,502
Quality improvement	-	51,502	51,502
Allocation for administration	2,129	10,223	12,352
Other grant programs	-	18,860	18,860
Total state grants	42,586	341,156	383,742
Interest on investments	71	570	641
Total revenues	42,657	341,726	384,383
Expenditures:			
Program services:			
Early childhood	40,533	-	40,533
Family support and parent education	-	177,049	177,049
Preschool support for low-income families	-	85,126	85,126
Quality improvement	-	48,873	48,873
Other program services	-	21,522	21,522
Total program services	40,533	332,570	373,103
Administration	1,045	11,184	12,229
Total expenditures	41,578	343,754	385,332
Change in fund balance	1,079	(2,028)	(949)
Fund balance beginning of year	656	60,092	60,748
Fund balance end of year	\$ 1,735	58,064	59,799

Tama County
Notes to Financial Statements (Continued)
June 30, 2016

(15) Tama County Financial Information Included in the County Social Services Mental Health Region

County Social Services Mental Health Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa which became effective January 1, 2009, includes the following member counties: Allamakee, Black Hawk, Butler, Cerro Gordo, Clayton, Chickasaw, Emmet, Fayette, Floyd, Grundy, Hancock, Howard, Humboldt, Kossuth, Mitchell, Pocahontas, Tama, Webster, Winnebago, Worth, Winneshiek, and Wright Counties. The financial activity of Tama County's Special Revenue, Mental Health Fund is included in the County Social Services Mental Health Region for the year ended June 30, 2016 as follows:

Revenues:		
Property and other county tax		\$ 528,748
Intergovernmental revenues:		
State tax credits	\$ 47,745	
Medicaid	97,814	
Other intergovernmental revenues	216,979	362,538
Miscellaneous		26,300
Total revenues		<u>917,586</u>
Expenditures:		
Services to persons with:		
Intellectual disabilities		31,586
General administration		
Direct administration	110,943	
Distribution to regional fiscal agent	485,083	596,026
County provided case management		190,403
Total expenditures		<u>818,015</u>
Excess of revenues over expenditures		99,571
Fund balance beginning of year		281,136
Fund balance end of year		<u>\$ 380,707</u>

(16) New Accounting Pronouncement

The County adopted fair value guidance as set forth in Governmental Accounting Standards Board Statement No. 72, Fair Value Measurement and Application. The Statement sets forth guidance for determining and disclosing the fair value of assets and liabilities reported in the financial statements. Adoption of the guidance did not have a significant impact on the amounts reported or disclosed in the financial statements.

(17) Date of Management Evaluation

Management has evaluated subsequent events through December 19, 2016, the date on which the financial statements were available to be issued.

Required Supplementary Information

Tama County
 Budgetary Comparison Schedule of
 Receipts, Disbursements and Changes in Balances -
 Budget and Actual (Cash Basis) - All Governmental Funds
 Required Supplementary Information
 Year Ended June 30, 2016

	Actual	Less Funds not Required to be Budgeted
Receipts:		
Property and other county tax	\$ 9,043,704	-
Interest and penalty on property tax	56,952	-
Intergovernmental	7,517,991	-
Licenses and permits	16,454	-
Charges for services	740,283	-
Use of money and property	89,879	-
Miscellaneous	94,825	-
Total receipts	<u>17,560,088</u>	<u>-</u>
Disbursements:		
Public safety and legal services	3,177,052	-
Physical health and social services	1,512,331	-
Mental health	831,171	-
County environment and education	973,325	-
Roads and transportation	6,526,626	-
Governmental services to residents	521,941	-
Administration	1,339,635	-
Non-program	6,039	-
Debt service	250,485	-
Capital projects	662,493	-
Total disbursements	<u>15,801,098</u>	<u>-</u>
Excess (deficiency) of receipts over (under) disbursements	1,758,990	-
Other financing sources, net	<u>25,821</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	1,784,811	-
Balance beginning of year	<u>9,158,070</u>	859
Balance end of year	<u><u>\$ 10,942,881</u></u>	<u>859</u>

Net	Budgeted Amounts		Final to
	Original	Final	Net Variance
9,043,704	9,060,449	9,060,449	(16,745)
56,952	19,238	19,238	37,714
7,517,991	6,401,054	6,564,830	953,161
16,454	12,850	12,850	3,604
740,283	580,535	580,535	159,748
89,879	61,000	61,000	28,879
94,825	563,613	563,613	(468,788)
17,560,088	16,698,739	16,862,515	697,573
3,177,052	3,664,397	3,689,937	512,885
1,512,331	1,608,221	1,767,847	255,516
831,171	1,040,163	1,040,163	208,992
973,325	1,114,261	1,126,945	153,620
6,526,626	7,453,747	7,453,747	927,121
521,941	553,622	559,903	37,962
1,339,635	1,459,876	1,460,876	121,241
6,039	36,750	36,750	30,711
250,485	250,735	250,735	250
662,493	3,133,904	3,133,904	2,471,411
15,801,098	20,315,676	20,520,807	4,719,709
1,758,990	(3,616,937)	(3,658,292)	5,417,282
25,821	5,000	5,000	20,821
1,784,811	(3,611,937)	(3,653,292)	5,438,103
9,157,211	8,159,976	8,159,976	997,235
10,942,022	4,548,039	4,506,684	6,435,338

Tama County
 Budgetary Comparison Schedule -
 Budget to GAAP Reconciliation
 Required Supplementary Information
 Year Ended June 30, 2016

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 17,560,088	(262,681)	17,297,407
Expenditures	15,801,098	66,584	15,867,682
Net	1,758,990	(329,265)	1,429,725
Other financing sources, net	25,821	(12,891)	12,930
Beginning fund balances	9,158,070	732,125	9,890,195
Ending fund balances	<u>\$ 10,942,881</u>	<u>389,969</u>	<u>11,332,850</u>

Tama County
Notes to Required Supplementary Information-
Budgetary Reporting
June 30, 2016

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units, the Internal Service Fund and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$205,131. The budget amendment is reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2016, disbursements did not exceed the budgeted amounts for any function, and disbursements did not exceed the amounts appropriated to departments.

Tama County
Schedule of the County's Proportionate Share of the Net Pension Liability
Iowa Public Employees' Retirement System
For the Last Two Years*
Required Supplementary Information

	2016	2015
County's proportion of the net pension liability	0.0669474 %	0.0652449 %
County's proportionate share of the net pension liability	\$ 3,307,525	2,589,999
County's covered-employee payroll	\$ 5,545,341	5,464,658
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	59.65 %	47.40 %
IPERS' net position as a percentage of the total pension liability	85.19 %	87.61 %

* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceeding fiscal year.

Tama County
Schedule of County Contributions
Iowa Public Employees' Retirement System
For the Last Ten Years
Required Supplementary Information

		2016	2015	2014	2013
Statutorily required contribution	\$	526,621	506,994	498,564	482,179
Contributions in relation to the statutorily required contribution		(526,621)	(506,994)	(498,564)	(482,179)
Contribution deficiency (excess)	\$	-	-	-	-
County's covered-employee payroll	\$	5,785,228	5,545,341	5,464,658	5,406,121
Contributions as a percentage of covered-employee payroll		9.10%	9.14%	9.12%	8.92%

2012	2011	2010	2009	2008	2007
445,481	381,202	353,052	322,821	309,377	276,968
(445,481)	(381,202)	(353,052)	(322,821)	(309,377)	(276,968)
-	-	-	-	-	-
5,295,941	5,156,509	5,089,036	4,874,220	4,938,036	4,553,445
8.41%	7.39%	6.94%	6.62%	6.27%	6.08%

Tama County

Notes to Required Supplementary Information – Pension Liability

Year Ended June 30, 2016

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

Legislative action in 2008 transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate in the calculation of the UAL amortization payments.

Tama County
Schedule of Funding Progress for the
Retiree Health Plan
Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	-	\$ 40,111	40,111	0.0%	\$ 4,578,884	0.9%
2011	July 1, 2009	-	40,111	40,111	0.0%	4,479,535	0.9%
2012	July 1, 2009	-	40,111	40,111	0.0%	4,506,797	0.9%
2013	July 1, 2012	-	49,989	49,989	0.0%	5,063,672	1.0%
2014	July 1, 2012	-	49,989	49,989	0.0%	5,450,452	1.0%
2015	July 1, 2012	-	49,989	49,989	0.0%	5,508,265	1.0%
2016	July 1, 2015	-	74,704	74,704	0.0%	5,533,004	1.4%

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost, net OPEB Obligation, funded status and funding progress.

Supplementary Information

Tama County
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

			Special Revenue	
	Resource	County	County	County
	Enhancement	Recorder's	Sheriff's	Attorney's
	and	Records	Forfeiture	Forfeiture
	Protection	Management	Fund	Fund
Assets				
Cash, cash equivalents and pooled investments	\$ 54,723	28,446	1,282	325
Receivables:				
Property tax:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Due from other governments	-	-	-	-
Total assets	\$ 54,723	28,446	1,282	325
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	-	-	-	-
Due to other governments	16,698	-	-	-
Total liabilities	\$ 16,698	-	-	-
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	-	-	-
Other	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances:				
Restricted for:				
Other purposes	38,025	28,446	1,282	325
Total liabilities, deferred inflows of resources and fund balances	\$ 54,723	28,446	1,282	325

Tax			
Increment	Tobacco	Drainage	
Financing	Compliance	District	Total
-	3,068	859	88,703
5,159	-	-	5,159
160,597	-	-	160,597
-	50	-	50
165,756	3,118	859	254,509

1,250	-	-	1,250
-	-	-	16,698
1,250	-	-	17,948

160,597	-	-	160,597
5,159	-	-	5,159
165,756	-	-	165,756

(1,250)	3,118	859	70,805
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165,756	3,118	859	254,509
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Tama County
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2016

	Special Revenue			
	Resource Enhancement and Protection	County Recorder's Records Management	County Sheriff's Forfeiture Fund	County Attorney's Forfeiture Fund
Revenues:				
Property and other county tax	\$ -	-	-	-
Intergovernmental	15,192	-	-	-
Charges for service	-	3,375	-	-
Use of money and property	319	21	-	-
Miscellaneous	-	4,584	-	-
Total revenues	15,511	7,980	-	-
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	-
Governmental services to residents	-	11,211	-	-
Debt service	-	-	-	-
Capital projects	30,897	-	-	-
Total expenditures	30,897	11,211	-	-
Excess (deficiency) of revenues over (under) expenditures	(15,386)	(3,231)	-	-
Other financing uses:				
Transfers out	-	-	-	-
Change in fund balances	(15,386)	(3,231)	-	-
Fund balances beginning of year	53,411	31,677	1,282	325
Fund balances end of year	\$ 38,025	28,446	1,282	325

Tax			
Increment	Tobacco	Drainage	
Financing	Compliance	District	Total
68,645	-	-	68,645
28,386	1,000	-	44,578
-	-	-	3,375
-	76	-	416
-	-	-	4,584
97,031	1,076	-	121,598
-	130	-	130
-	-	-	11,211
6,102	-	-	6,102
-	-	-	30,897
6,102	130	-	48,340
90,929	946	-	73,258
(92,179)	-	-	(92,179)
(1,250)	946	-	(18,921)
-	2,172	859	89,726
(1,250)	3,118	859	70,805

Tama County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2016

	County Offices		Agricultural	
	County Recorder	County Sheriff	Extension Education	County Assessor
Assets				
Cash, cash equivalents and pooled investments:				
County Treasurer	\$ -	-	2,839	375,916
Other County officials	7,701	6,079	-	-
Receivables:				
Property tax:				
Delinquent	-	-	354	730
Succeeding year	-	-	202,785	412,198
Accounts	1,379	-	-	3
Due from other governments	-	-	-	-
Total assets	\$ 9,080	6,079	205,978	788,847
Liabilities				
Accounts payable	\$ -	-	-	238
Salaries and benefits payable	-	-	-	9,594
Due to other governments	9,080	420	205,978	759,803
Trusts payable	-	5,659	-	-
Compensated absences	-	-	-	19,212
Total liabilities	\$ 9,080	6,079	205,978	788,847

Schools	Community Colleges	Corporations	Townships	Special Assessments	Auto License and Use Tax	Empower- ment	Emergency Management Services	E911
177,459	19,238	44,883	5,206	9,060	436,860	71,183	329,731	141,795
-	-	-	-	-	-	-	-	-
24,101	2,643	21,529	136	-	-	-	-	-
12,208,150	1,331,291	4,175,844	334,344	-	-	-	-	-
-	-	-	-	-	-	-	-	13,962
-	-	-	-	-	-	-	23,833	148,075
12,409,710	1,353,172	4,242,256	339,686	9,060	436,860	71,183	353,564	303,832
-	-	-	-	-	-	11,384	285	3,210
-	-	-	-	-	-	-	27,734	-
12,409,710	1,353,172	4,242,256	339,686	9,060	436,860	59,799	297,352	300,622
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	28,193	-
12,409,710	1,353,172	4,242,256	339,686	9,060	436,860	71,183	353,564	303,832

Tama County
Combining Schedule of Fiduciary Assets and Liabilities (Continued)
Agency Funds
June 30, 2016

Schedule 3

Assets	Economic Development	Sanitary Landfill	Third Party Payees	Other	Total
Cash, cash equivalents and pooled investments:					
County Treasurer	\$ 19,782	513,031	138,912	78,296	2,364,191
Other County officials	-	-	-	-	13,780
Receivables:					
Property tax:					
Delinquent	-	-	-	5	49,498
Succeeding year	-	-	-	15,249	18,679,861
Accounts	-	71,384	-	-	86,728
Due from other governments	-	-	-	-	171,908
Total assets	\$ 19,782	584,415	138,912	93,550	21,365,966
Liabilities					
Accounts payable	\$ 318	25,490	-	-	40,925
Salaries and benefits payable	4,235	7,910	-	-	49,473
Due to other governments	12,150	543,637	-	93,550	21,073,135
Trusts payable	-	-	138,912	-	144,571
Compensated absences	3,079	7,378	-	-	57,862
Total liabilities	\$ 19,782	584,415	138,912	93,550	21,365,966

Tama County
Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2016

	County Offices			Agricultural
	County Auditor	County Recorder	County Sheriff	Extension Education
Assets and Liabilities				
Balances beginning of year	\$ -	8,474	4,521	196,016
Additions:				
Property and other county tax	-	-	-	189,248
E911 surcharge	-	-	-	-
State tax credits	-	-	-	16,182
Interest	-	-	-	-
Office fees and collections	4,757	307,558	324,001	-
Auto licenses, drivers license, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	-	-	256,526	-
Reimbursements from other governments	-	-	-	-
Miscellaneous	-	-	-	-
Total additions	4,757	307,558	580,527	205,430
Deductions:				
Agency remittances:				
To other funds	4,757	107,355	334,063	-
To other governments	-	199,597	8,239	195,468
Trusts paid out	-	-	236,667	-
Total deductions	4,757	306,952	578,969	195,468
Balances end of year	\$ -	9,080	6,079	205,978

County Assessor	Schools	Community Colleges	Corporations	Townships	Special Assessments	Auto License and Use Tax	Empower- ment
643,574	11,932,045	1,328,648	4,110,961	330,459	2,703	396,164	69,309
384,491	11,356,614	1,208,234	3,856,519	315,695	-	-	-
-	-	-	-	-	-	-	-
33,344	1,006,089	110,302	543,946	19,940	-	-	-
-	-	-	-	-	-	-	640
-	-	-	-	-	-	-	-
-	-	-	-	-	-	5,533,403	-
-	-	-	-	-	32,134	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	383,476
47	-	-	-	-	-	-	327
417,882	12,362,703	1,318,536	4,400,465	335,635	32,134	5,533,403	384,443
-	-	-	-	-	-	232,115	-
272,609	11,885,038	1,294,012	4,269,170	326,408	25,777	5,260,592	382,569
-	-	-	-	-	-	-	-
272,609	11,885,038	1,294,012	4,269,170	326,408	25,777	5,492,707	382,569
788,847	12,409,710	1,353,172	4,242,256	339,686	9,060	436,860	71,183

Tama County
Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds (Continued)
Year Ended June 30, 2016

	Emergency Management Services	E911	Economic Development	Sanitary Landfill
Assets and Liabilities				
Balances beginning of year	\$ 393,923	212,355	5,249	217,239
Additions:				
Property and other county tax	-	-	-	-
E911 surcharge	-	195,104	-	-
State tax credits	-	-	-	-
Interest	-	317	-	-
Office fees and collections	-	-	-	-
Auto licenses, drivers license, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	-	-	-	-
Reimbursements from other governments	659,513	114,952	148,286	-
Miscellaneous	1,142	258	20,121	901,177
Total additions	660,655	310,631	168,407	901,177
Deductions:				
Agency remittances:				
To other funds	-	-	-	-
To other governments	701,014	219,154	153,874	534,001
Trusts paid out	-	-	-	-
Total deductions	701,014	219,154	153,874	534,001
Balances end of year	\$ 353,564	303,832	19,782	584,415

Third Party Payees	Other	Total
242,325	107,164	20,201,129
-	60,033	17,370,834
-	-	195,104
-	814	1,730,617
-	-	957
-	3,381	639,697
-	-	5,533,403
-	-	32,134
1,250,035	309,763	1,816,324
-	-	1,306,227
-	-	923,072
1,250,035	373,991	29,548,369
-	-	678,290
-	60,591	25,788,113
1,353,448	327,014	1,917,129
1,353,448	387,605	28,383,532
138,912	93,550	21,365,966

Tama County
Schedule of Revenues By Source and Expenditures By Function -
All Governmental Funds
For the Last Ten Years

	2016	2015	2014
Revenues:			
Property and other county tax	\$ 8,360,821	7,967,876	7,828,537
Local option sales tax	623,187	606,153	569,345
Interest and penalty on property tax	57,094	57,174	79,320
Intergovernmental	7,307,458	7,775,009	6,498,355
Licenses and permits	16,239	18,600	17,265
Charges for service	734,430	682,562	636,339
Use of money and property	90,141	99,799	190,935
Miscellaneous	108,037	182,796	215,619
Total	\$ 17,297,407	17,389,969	16,035,715
Expenditures:			
Operating:			
Public safety and legal services	\$ 3,193,127	3,150,681	3,263,277
Physical health and social services	1,507,472	1,523,657	1,435,140
Mental health	818,015	808,538	1,176,542
County environment and education	981,040	701,612	787,174
Roads and transportation	6,554,436	6,449,443	6,045,270
Governmental services to residents	522,006	490,553	498,158
Administration	1,336,998	1,303,727	1,285,664
Non-program	7,679	67	943
Debt service	250,485	155,485	200,751
Capital projects	696,424	3,431,208	6,307,406
Total	\$ 15,867,682	18,014,971	21,000,325

Modified Accrual Basis						
2013	2012	2011	2010	2009	2008	2007
7,470,818	7,323,476	7,069,902	7,033,685	6,959,487	6,592,282	6,243,083
664,429	523,422	518,225	546,292	548,739	547,461	536,617
60,454	60,797	59,812	64,768	57,758	73,650	66,062
5,853,067	6,584,301	8,821,665	6,939,984	6,418,435	6,877,451	6,754,711
22,293	18,376	12,272	17,026	14,469	14,946	13,515
617,317	640,020	635,113	534,167	521,606	505,387	498,324
215,392	212,935	146,484	175,458	169,285	251,133	300,347
137,699	377,097	89,475	122,811	127,711	81,984	48,739
15,041,469	15,740,424	17,352,948	15,434,191	14,817,490	14,944,294	14,461,398
3,245,882	3,010,353	2,913,234	2,900,899	2,709,086	2,672,476	2,531,566
1,383,602	1,346,402	1,444,262	1,403,084	1,379,806	1,335,015	1,202,218
1,491,944	1,571,825	1,852,265	1,778,066	1,860,702	1,783,875	1,694,136
716,407	716,950	794,334	617,963	580,591	616,085	825,251
7,650,662	7,479,524	6,070,593	5,734,075	5,118,437	5,414,893	5,889,960
485,973	478,762	431,876	478,621	478,877	459,901	429,841
1,186,470	1,027,543	985,324	1,033,398	1,132,708	1,199,758	1,171,989
2,002	1,307	112	134	2,200	3,427	181
119,549	-	-	-	-	-	-
666,947	287,390	272,379	604,053	340,127	783,271	641,249
16,949,438	15,920,056	14,764,379	14,550,293	13,602,534	14,268,701	14,386,391



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Independent Auditors' Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Officials of Tama County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Tama County, Iowa, as of and for the year ended June 30, 2016, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 19, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Tama County's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Tama County's internal control. Accordingly, we do not express an opinion on the effectiveness of Tama County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control we consider to be a material weakness and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in Part II of the accompanying Schedule of Findings as item II-A-16 to be a material weakness.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings as items II-B-16 and II-C-16 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tama County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part III of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2016 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Tama County's Responses to the Findings

Tama County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Tama County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of the Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Tama County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Bowman and Miller. P.C.

December 19, 2016

Tama County
Schedule of Findings
Year Ended June 30, 2016

Part I: Summary of the Independent Auditors' Results:

- (a) Unmodified opinions were issued on the financial statements.
- (b) Significant deficiencies and a material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

Tama County
Schedule of Findings (Continued)
Year Ended June 30, 2016

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

II-A-16 Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements. We noted that generally one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

(1) All incoming mail should be opened by an employee who is not authorized to make entries to the accounting records. This employee should prepare a listing of cash and checks received. The mail should then be forwarded to the accounting personnel for processing. Later, the same listing should be compared to the cash receipt records.

Applicable
Offices

Treasurer,
Recorder

(2) Bank accounts should be reconciled promptly at the end of each month by an individual who does not sign checks, handle or record cash.

Recorder,
Sheriff

(3) Checks should be signed by an individual who does not otherwise participate in the preparation of the checks. Prior to signing, the checks and the supporting documentation should be reviewed for propriety. After signing, the checks should be mailed without allowing them to return to individuals who prepare the checks or approve vouchers for payment.

Treasurer,
Recorder,
Sheriff

Recommendation - We realize segregation of duties is difficult with a limited number of office employees. However, each official should review the operating procedures of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports. Such reviews should be performed by independent persons to the extent possible and should be evidenced by initials or signature of the reviewer and the date of the review.

Tama County
Schedule of Findings (Continued)
Year Ended June 30, 2016

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES (continued):

Response – Each office will be reminded to segregate duties to practically accomplish internal controls.

Conclusion – Response accepted.

- II-B-16 Third Party Payees – The bank account for the Third Party Payees is reconciled semi-monthly. However, it is not being reconciled back to the client balances resulting in outstanding discrepancies between actual cash balances and client balances within the system.

Recommendation – To improve financial accountability and control, client balances should be reconciled to the bank balances semi-monthly and variances resolved on a timely basis.

Response – We are going to go to regional individuals only, which will lower the number of individuals, making reconciliations easier.

Conclusion – Response accepted.

- II-C-16 Mileage Reimbursement – The County reimburses employees for mileage driven for work purposes in their personal vehicles at the appropriate standard mileage rate in accordance with the Internal Revenue Service. However, there were two instances of non-compliance noted during the audit procedures.

Mileage paid to one employee during the year was paid for the distance driven from their personal residence to the work destination and not paid for driving from the County's administrative building to the work destination.

Mileage paid to one employee was paid even though they did not provide a detailed mileage log. Only a monthly summary was turned in for reimbursement.

Recommendation – The County should reimburse employees for proper mileage driven after they have turned in a detailed log showing the date, mileage and reason for the trip.

Response – We will reinforce the importance of detailed mileage logs to our employees.

Conclusion – Response accepted.

Part III: Other Findings Related to Required Statutory Reporting:

- III-A-16 Certified Budget – Disbursements during the year ended June 30, 2016 did not exceed the amounts budgeted for any function. Disbursements did not exceed appropriations for any department.
- III-B-16 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

Tama County Schedule of Findings (Continued) Year Ended June 30, 2016

Part III: Other Findings Related to Required Statutory Reporting (continued):

III-C-16 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

III-D-16 Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Kendall Jordan, Board of Supervisor Part Owner of S&S Car Wash	Truck and car washes	\$ 1,235
Deb Kupka, County Recorder Owner	Baked goods for elections	119

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transactions with the Kendall Jordan and Deb Kupka do not appear to represent a conflict of interest since total transactions were less than \$1,500 during the fiscal year.

III-E-16 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of all bonds should be periodically reviewed to ensure the coverage is adequate for current operations.

III-F-16 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

III-G-16 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted.

III-H-16 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

III-I-16 County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2016 for the County Extension Office did not exceed the amount budgeted.

Tama County
Schedule of Findings (Continued)
Year Ended June 30, 2016

Part III: Other Findings Related to Required Statutory Reporting (continued):

- III-J- 16 Financial Condition – Although the Tax Increment Financing Fund had no cash balance at June 30, 2016, the modified accrual basis restricted fund balance deficit was \$1,250.

Recommendation – The County should investigate alternatives to eliminate this deficit balance.

Response – The County will transfer funds into the Tax Increment Financing Fund to eliminate this deficit balance at their next board meeting.

Conclusion – Response accepted.

- III-K-16 Annual Urban Renewal Report – The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.

Tama County Audit Staff

This audit was performed by:

Bowman and Miller, P.C.
Certified Public Accountants
Marshalltown, Iowa

Personnel:

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